

August 27, 2014

Office of the Massachusetts Attorney General  
Attn: Antitrust Division  
One Ashburton Place, 18th Floor  
Boston, MA 02108

RE: South Shore Hospital and Partners Merger

To Whom It May Concern:

I am a physician working in both the South Shore Hospital and Partners network of physicians. Because I am involved in both institutions, I have a good appreciation for what this merger means and how each institution views the merger. I have seen and heard the external PR facade as well as being aware of the the internal messaging and goals. The internal and external messaging are quite different. Due to my involvement in both institutions and desire to remain employed, I must remain anonymous in my comments. I hope that my comments will still be taken into account despite my need for anonymity.

As someone on the inside of these institutions and as a resident of the Commonwealth, this merger seems to me to be all about the money. The external analyses of the merger have identified a cost of tens of millions of dollars to the taxpayers if Partners acquires South Shore Hospital. On the inside of the institutions, the providers and administrators at South Shore Hospital are practically salivating at being able to ultimately have access to the Partners reimbursement rates. Even with the concessions for the phase-in of those contract prices and the slowed rise of the Partners rates overall, having access to that bargaining clout is something that South Shore Hospital is really looking forward to. From Partners' perspective, their rates are currently outliers in the state and are significantly above those seen at other institutions. Partners has been drifting those contracts down to be less of an outlier. The concessions that Partners made to the AG about their rates is something that they were going to have to do anyway. The real windfall for Partners will be the massive increase in healthcare marketshare. This merger is all about the money and market share and it will end up costing the tax payers millions.

Partners has maintained that healthcare costs will not increase and that we shouldn't look at their past track record but should instead look at the arrangement on its own. However, we can't look at the Partners/South Shore Hospital merger in a vacuum and the past is especially germane to the discussion. Partners has consistently used its market share and size to bully competitors and payers and drive up costs. In every healthcare merger that has been completed in recent history – the Caregroup consolidation, Lahey and Beverly merging, the Caritas (now Steward) conglomeration – there have been cries that savings can be made with economies of scale and alignment of priorities. However, the truth is that savings have been nonexistent and it has concentrated the bargaining power in the hands of a few large medical corporations. These corporations can then negotiate for higher rates with insurers who pass the costs on to their subscribers. The

medical corporations end up squeezing smaller practices and other medical entities practicing more leanly and either squash them or bring them into the fold and increase costs to the system.

There is a push in medicine with the Healthcare Affordability Act to consolidate and align systems into Accountable Care Organizations (ACOs) in order to take part in risk-based contracting and other quality improvement and cost reduction tools. Many smaller institutions are racing to join up with the ACOs in the area in order to have enough market share in order to provide sufficient protection in the risk-based contracts being rolled out. The truth is that there is nothing stopping South Shore Hospital in joining the Partners ACO without being acquired by Partners. There is already an academic affiliation and clinical alignment between South Shore Hospital and Partners. There is already the synergy of care and vertical integration of care between the institutions. Why does Partners need to purchase South Shore Hospital in a formal merger in order to accomplish the ACO affiliation and provide "synergy of care"? The truth is because they want to increase the size of their footprint and be able to be an even bigger gorilla in the healthcare market.

The acquisition of South Shore Hospital will increase the size of the 800 pound gorilla that is Partners. Already, there is a push to consolidate institutions and BIDMC has acquired Jordan Hospital, Milton Hospital, Glover Hospital, and others. Partners has acquired Salem Hospital, expanded their free-standing surgicenters, and is now poised to acquire South Shore Hospital and other groups. Lahey merged with Beverly and are now in the process of acquiring Winchester Hospital. All of the institutions are growing but Partners is growing the fastest. With insurance contracting already out of proportion to the market, they can easily afford a 7 year drift downward and then will be in a position to demand a monumental increase. In the meantime, Tufts is being squeezed, Steward is going to be struggling in the near future, and other semi-independent players are going to be swallowed up or squashed. My question is whether it makes sense to allow the 800 pound gorilla get even bigger when it clearly will affect the marketplace and the costs that will ultimately be borne by the taxpayers.

If I were a selfish person, I'd keep quiet and have my clinical activities at South Shore Hospital get a bump in reimbursements once the Partners merger goes through. I'll stand to make a LOT more money. However, it doesn't strike me as fair to the taxpayers and does not create a good marketplace for healthcare in the Commonwealth.

I think that there has been a disproportionate appearance of outpouring of support for the merger. Town meetings were held in Weymouth to get public input into the merger. This is not a good venue to get an unbiased view of the public views. Administrators from South Shore Hospital were present at the meeting and they were definitely keeping track of who spoke and whether they were for or against the merger. On the Partners side of things, the administrators and marketing departments there have been churning out strong statements of support and other commentary to spin the merger as a good thing for all. There was an attempt by other players in the market to block or delay the merger but this was perceived as sour grapes by the courts and was rejected. However, just because

those institutions have a vested interest in blocking the merger to maintain competition in the marketplace does not mean that their concerns are not valid.

I feel that it is up to the AG's office to evaluate the merger in all of its aspects and determine whether this is a good thing for the Commonwealth or whether it will put Partners in a situation where they will be able to negotiate further increases in their reimbursements down the road. Competition is good and this merger will further reduce competition in the healthcare market and drive up costs.

I wish I could sign this letter but as I mentioned, I must remain anonymous. The fact that I feel uncomfortable putting my name to this letter and that I fear for my employment if the letter was traced to me should give the reader an even better feel for the true nature of this merger. It is not improving healthcare options for the residents of the South Shore, it is a corporate land grab in the healthcare market place that will ultimately decrease competition and increase costs.

Thank you for your time and attention in this matter.